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C O N F I D E N T I A L SECTION 01 OF 03 ROME 002360

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TAGS: [PREL](#) [PGOV](#) [LE](#) [SY](#) [IZ](#) [IR](#) [IS](#) [IT](#)  
SUBJECT: ITALIANS DISCUSS IRAN SANCTIONS, LEBANESE  
ELECTIONS, IRAQ ASSISTANCE WITH S/I-PDAS SATTERFIELD

REF: A) STATE 157736 B) USNATO 592 C) BAGHDAD 3771

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Classified By: Classified by Jonathan R. Cohen, Acting Political Minister Counselor, for reasons 1.4 (b) and (d).

¶1. (C/NF) Summary. On November 15, S/I and NEA PDAS David Satterfield met in Rome with MFA Iraq Task Force Director Gianludovico De Martino and MFA Director General for Middle Eastern Affairs Cesare Ragaglini. De Martino said Italy wanted to see greater on-the-ground coordination of donor programs in Iraq and suggested linking the IRFFI and Iraq Compact to other donor processes to create a strategic framework for identifying, funding and monitoring projects. He suggested embedding EC, UNDP and other IO and donor country personnel in PRTs to take advantage of the PRT knowledge base and delivery capability. Satterfield agreed greater cooperation was desirable but support for third-country personnel outside the Baghdad IZ would prove prohibitively difficult. He recommended reformulating the idea to include embedding personnel in the US Embassy's Office of Provincial Affairs and/or the Baghdad PRT. Satterfield told Ragaglini the next Lebanese president should be a solid candidate that would not be a tool of Syria or Hizballah. Ragaglini said the Italians had not expressed a preference to the Lebanese to avoid drawing blame in the event the selection process failed. They would support any consensus candidate. Ragaglini said D'Alema would travel to Lebanon November 16-17 but would not travel to Damascus. On Iran, Ragaglini said only UN sanctions would be effective and said Italy wanted discussions with the USG on any new UNSC sanctions before decisions were made. End Summary.

Iraq: Italy Sees Need for More Coordinated Assistance  
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¶2. (C/NF) Satterfield briefed De Martino on the security and political situation in Iraq. Violence is down, Al Qaeda influence is diminished and there are signs of greater provincial-central government cooperation. Budgetary revenues are up and budget execution is substantially higher than last year. On the negative side, there has been little progress on debt restructuring and forgiveness. The coalition needs to figure out how to replicate the success of the Anbar experience in mixed communities like Baqubah. De

Martino outlined two Italian recent initiatives. He proposed linking the IRFFI and IC formally through a steering group which could be a clearing house for the Iraqi Government and international community (UNDP, EC, and other donors) to coordinate assistance efforts and budgetary execution. He wanted the IC/IRFFI to have a global outlook and regular operational mechanism. De Martino believed the PRTs could serve as a focal point for identifying, funding and monitoring projects in provincial areas. PRTs already have an understanding of the assistance needs of the provinces, have established excellent contacts with provincial governments and have good delivery capabilities. UNDP, EC and others could embed personnel to take advantage of this knowledge base. Italy wanted results before donor funds dried up. Satterfield agreed that the donor process needed to be more strategic in focus. He noted, however, that providing security, movement and life support would be extremely difficult, if not impossible for third country nationals and international organization staff in PRTs. Instead, Satterfield said he would raise the issue with Embassy Baghdad to see if embedding people in the Office of Provincial Affairs and/or the Baghdad PRT might be a better option. De Martino promised to provide more details while he waited for USG comment.

¶3. (C/NF) De Martino said Italy had proposed expanding NATO's role in Iraq (reftels). NTM-I should be augmented but at the same time the relationship should be expanded to include PFP-type menu of partnership activities, exercises, advising and training. According to Satterfield, it is our intent that the 2007 UNSCR authorizing the coalition would be the last Chapter 7 UNSCR. After that, the US and Iraqi governments would negotiate a long-term cooperation agreement, which would be the context under which the coalition operated. It would provide the basis for immunity, privileges and authorities. There are many options under discussion for this and the Italian proposal could fit into

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that.

Lebanon: Italy Not Pushing a Particular Option, D'Alema to Visit Nov 16-17

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¶4. (C/NF) Satterfield said the Secretary had delivered a strong message to the Lebanese saying a positive election would increase international confidence in Lebanon, but a failure would go a long way in damaging Lebanon's credibility. The U.S. did not want to see an extended Lahoud presidency or the possibility of rival governments. The next president needed to be a solid candidate who would not be a tool of Syria or Hizballah. The next president should not be "anti-Syria", just pro-Lebanon. He asked Ragaglini what Italy's preferences were. Ragaglini said the Italians had not told the Lebanese which options they preferred because they did not want blame fixed on the international community if elections failed. They would accept any consensus candidate.

¶5. (C/NF) FM D'Alema would go to Lebanon on November 16-17 to meet with all the key players in advance of the presidential elections. Ragaglini said Italy understood that the Patriarch had a list of 7 names - 2 from the government, 2 from the opposition and 3 from outside. Italy had not been informed by the GOL of the actual names on the list, but had a fairly good idea who was on it. Italy was encouraging the Patriarch to endorse the list, remain in Lebanon, and push for a solid candidate. Italy had spoken with Aoun to discuss what he would do in the event he was not elected president. He had replied that he was confident that an important role would be carved out for him. Ragaglini said they found Hariri to be "obsessed" with Syria - constantly pushing for a harder international line and sanctions. Satterfield responded that assassination of one's father could explain

such an "obsession".

¶6. (C/NF) Ragaglini said Italy was speaking to everyone on Lebanon - March 8, March 14, Hizballah and even Syria. When questioned, Ragaglini said D'Alema would not go to Damascus and denied that they had discussed names with the Syrians. He claimed the French had, however. He also said that D'Alema would probably call FM Muallem on Sunday, after the Lebanon visit. Satterfield cautioned Ragaglini about bringing Syria into discussions on names. The US was concerned that Syria would conduct a slow campaign against Lebanon, erode the March 14 majority then have the electoral law redone in Syria's favor. We needed to guard against that. Ragaglini replied that Italy had told Syrian VP Shara that Italy's political involvement and military deployment made Italy view Lebanese stability as a strategic imperative and that Italy expected stability there. Ragaglini assured Satterfield that Italy strongly supported the French initiative, and wanted a consensus candidate, but not a lowest-common-denominator choice.

Iran: Sanctions not Working

¶7. (C/NF) Satterfield told Ragaglini that the US wants to resolve the Iranian nuclear issue through diplomacy. The US was working with China and Russia on a third sanctions UNSCR, with the EU on multilateral sanctions, with key allies on bilateral sanctions and with various banks to stop commercial financing. The sanctions have produced results and were creating pressure within Iran. Ragaglini said that in Italy's view past measures had not worked well, and that the EU-3 had poor results in part due to a hidden agenda of keeping enrichment technology away from Iran. All agreed, Iran must not have nuclear weapons and that sanctions could help but not by themselves. Further sanctions would be successful only if they were universal, otherwise, the result would be a substitution of trade partners, with EU countries being the big losers. Ragaglini said Italy had large commercial exposure and needed to be brought into the process. Additional sanctions would be hard for Italy to sustain and the GOI needed the US to bring Italy into the discussion before decisions are made. Italy, he said, wanted to talk to the US about any new sanctions - it was hard to be

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a payer without being a player, but was pointless for Italy to talk to France and Germany (although they could talk with the UK whom they found pragmatic). Italy didn't want to be referred to the EU to discuss inclusion, but wanted to deal with the US since it was the biggest player. In the meantime, the international community had to work patiently toward a UNSCR. The US had to tell "certain EU countries" (read "France") to "calm down" in the meantime.

Annapolis Conference

¶8. (C/NF) Satterfield said the Annapolis conference was scheduled for November 26-27. Italy would receive an invitation as part of the G8. Ragaglini said Syria must be invited or the other Arab states would not come. He also said the international community had to manage expectation before and after the conference carefully. If the Arab public believed the conference was a failure, the entire process could collapse and we could face a new intifada. Italy was concerned that Israel saw Iran and Syria as higher priorities than the Palestinian issue and that Israel pushing that line was problematic. We must, he said, show the Palestinians that moderation and negotiations pay off or Abu Mazar will fail. Satterfield said he would convey to Israel that we consider the Palestinian issue their highest priority.

¶9. (U) S/I - PDAS Satterfield has cleared this cable.  
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